

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

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Contact Telephone Number:

UIL 4945.04-04

LEGEND

Q = Name of Grant
x = \$ amount
y = \$ amount range
z = number

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated February 7, 2011

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code, and classified as a private foundation as defined in section 509(a).

Your letter indicates that you will make grants through Q that provide grantees the opportunities to be educated in fields such as economics, business, philosophy, education, or the sciences and humanities.

You will award grants to grantees associated with an individual traveling to and participating in an educational conference sponsored by educational public charities or other organizations. The conferences are those designed to improve or enhance a literary, artistic, scientific, teaching or other skill or talent of any individuals within the meaning of Internal Revenue Code section 4945 (g)(3), and are those, which you believe, advance your charitable purposes.

You will draw upon your network of grantees and the public to identify and attract applicants as conference participants. As part of your grant making programs, you provide grants to more than one hundred fifty (150) public and private institutions of higher education [colleges and universities under section 509 (a)(1))] and approximately fifty (50) other 501(c) (3) public charities, referred to as the "educational public charities". Conference participants will primarily be drawn from the individuals associated with these organizations including undergraduate students, graduate students, professors and other individuals.

Individuals will be notified of Q through broad e-mail announcements, telephone or in person; or by other appropriate means that may include web-based and other media announcements.

Furthermore, as educational conferences of interest held by the educational public charities or other organization arise, individuals may notify you of such programs and apply to participate in Q.

Individual candidates will apply directly to you or to your agents.

Each individual applicant's name and other supporting information will be provided to a selection committee. The grantees will be selected by the committee using an objective and non-discriminatory process. The committee will typically include three to four foundation staff members who work with multiple individuals from your grantee network such as professors, to select the best candidate based on objective, non-discriminatory criteria. None of the individuals in the selection committee or those advising the selection committee will be disqualified persons. An individual recipient cannot be related to a member of the Committee or to any disqualified person as defined under Code section 4946.

To be selected, an individual typically will have, if applicable, a strong grade point average, and resume, recommendations from professors or other scholars, the ability to contribute to scholarly debate, a well crafted short essay, demonstrated interest in and overall potential for advancing and promoting the particular subject matters of Q, and other information that reflect the qualifications of the applicant (e.g., honors, awards, and extracurricular activities).

Under Q, you expect to award grants, pay stipends and reasonable travel and lodging related expenses, and otherwise reimburse individuals for attending the conferences.

These costs generally will be paid directly to the vendors (e.g., to the sponsor of the conferences). You may also pay a nominal stipend or award a grant (generally \$y) to an individual who gives a presentation at a conference or who conducts research related to a conference.

You expect there will be 2-4 conferences a year under Q with z participants in each conference. The average participant will receive a grant for reasonable travel and lodging related expenses along with, in some cases, a small stipend (\$y). Thus, the total amount spent on each conference would be approximately \$x.

If a payment is made available to an individual grantee, production of a report or other similar product is expected. You expect to obtain from the individual grantee the right to use the report or product to further advance your charitable mission. You expect to gather valuable feedback from the participants to better advance your charitable mission.

Payments made to individuals under Q will not be renewable as each conference will have its own separate selection procedure. Thus, while the same individual could possibly receive more than one grant to attend conferences, each grant would be entirely separate from others.

In accordance with Treas. Reg. §53-4945-4(c)(3), at least once a year you will require reports from the individual grantees on the use of the funds and progress made by the grantees toward achieving the purpose for which the grants were made. Also required is a final report describing the grantee's accomplishments with respect to the grant and an accounting for the funds received under Q. You will also investigate the use of grant funds if the report provided by the grantee indicates that the funds are being used for a purpose not in furtherance of the grant, and you will take the actions described in Treas. Reg. §53.4945-4(c)(4), for all jeopardized grants including withholding future grant funds not already paid.

You will retain all records submitted by applicants. These records shall include all information obtained to evaluate the qualifications of potential applicants, the identification of applicants (including any relations of any applicants to you or to any of your directors, officers, etc., if any), the date and amount of each payment, evaluation reports, if any, from Q, and any additional information that you may secure in the course of the grant administration process. You will obtain and maintain in your file the evidence that no recipient is related to you or to any members of the selection committee.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d) (3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Notice 437

A redacted copy of this letter